A work programme for 2019 - in pursuit of the sustainab...

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As I have made clear, there are a great many reasons to be worried about the economy and related political issues in 2019. The sense that we are in limbo waiting for something to happen appears pervasive to me. The difficulty is that we do not even know for sure what the something is. Its characteristics can however be predicted with relative ease.

There will be economic stress bringing political change, or there will be political failure precipitating economic change that will then require the creation of new political order. Those, I think, are the available options.

The assumption I am making is clear: economic and political fates are intertwined, in my view. And such is the scale of the economic crisis to be faced that this time the political order of neoliberalism cannot survive the process of change intact. Its assumption that free trade is the answer to all questions for a population that only wishes to act in pursuit of self-interested material well being no longer holds true. The planet cannot sustain these politics any longer. Nor will people tolerate the resulting inequalities any more. And although the immediate alternatives appear to be largely right-wing and populist these do, we know, have poor records on delivery and will be self-destructive because they actually exacerbate rather than solve the problem that people think exist. There is then every reason to think an alternative is needed. The only problem is that the left has not been too good at finding such alternatives, let alone presenting them coherently.

I suggest that the Green New Deal is at the core of this alternative. A decade after the Green New Deal Group published its first version of this plan, and after numerous updates in time since, the vision remains clear and consistent. The aim is to refocus the economy on delivering the essential services that a sustainable economy has to deliver. One of these is full employment. In a green economy nothing less makes sense: people who want to work who can't are non-renewable resources going to waste.

Others are core needs: housing, sustainable energy and transport that does not burn the planet.

And then there is the infrastructure for essential public services.

The emphasis is very far from the economics and politics that the Green New Deal will replace, by necessity. This new politics is about communities getting the basics right so that all people - including those who work in the private sector - can flourish.

But the Green New Deal does not represent all that is required. To work it has to convince people that it can deliver. Modern monetary theory helps explain how this can be done. I have explained how here. This does not require that all the policy claims of MMT be accepted. Those claims are not integral to it, although many suggest they are. Rather it means that the ability of the government to act using its own ability to create credit without inflation resulting is critical to the delivery of the Green New Deal.

But so too is a properly functioning tax system. That's firstly because taxes are vital if inflation is to be controlled: they take government created money used to deliver essential services out of the economy and so prevent inflation happening. Second though, well designed and properly functioning tax systems tackle inequality, including that which exists between those who do and those who do not pay the taxes required of them, which is itself a major cause of economic injustice. Tax gap measures identify the scale of this problem. Tax spillover analyses identify how to tackle them. These are then also key components of the delivery of the Green New Deal. I have new reports coming on both very soon.

But so too is reform of private sector accounting, in my opinion. What we count indicates what we think matters. And the rest does not. Right now private sector accounting is focussed on just two things. One is private profit. The other is financial markets. Those are the only two things that matter in current private sector accounting. The best that we can say is that they are candid enough to admit it.

But this has to change if the private sector is to play the role that is required of it in the economic and political reforms that are essential. What counts — whether it be staff, the environment, civil society, tax payment, proper regulation and much else - also has to be reflected in the priorities of private sector accounting in the future. Only when it does will these issues — which are key to commercial success in the twenty-first century - get the priority that they need from the businesses that must focus upon them. This is why accounting is now a key focus for my work, and is likely to be so from now on.

There are then five elements that together can provide an effective platform for the real reforms needed as the basis of the economy of the future:

* The Green New Deal;

* Modern understandings of money and its role in financing government;

* The tax gap as a measure of fiscal efficiency, tax created inequality and only thirdly

of tax authority effectiveness;

* Tax spillover analysis to plan for better control of the economy in pursuit of social goals;

* Reform of private sector accounting in the interests of all stakeholders of companies.

These all link together. They are my focus in 2019.